



General Assembly

February Session, 2012

Raised Bill No. 5230

LCO No. 1205

01205_____INS

Referred to Committee on Insurance and Real Estate

Introduced by:
(INS)

AN ACT CONCERNING VARIOUS CHANGES TO PROPERTY AND CASUALTY INSURANCE STATUTES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-316a of the general statutes is repealed and
2 the following is substituted in lieu thereof (*Effective July 1, 2012*):

3 (a) No insurer that delivers, issues for delivery, renews, amends or
4 endorses a homeowners insurance policy in this state shall refuse to
5 renew or issue such a policy solely on the basis that the insured or
6 prospective insured has failed to install permanent storm shutters on
7 his or her residential dwelling as a means of mitigating loss from
8 hurricanes or other severe storms.

9 (b) (1) No insurer shall deliver, issue for delivery, renew, amend or
10 endorse a homeowners insurance policy that includes a windstorm
11 deductible, other than a hurricane deductible, that is imposed
12 separately from the overall policy deductible.

13 (2) No insurer shall deliver, issue for delivery, renew, amend or
14 endorse a homeowners insurance policy in this state that includes a

15 hurricane deductible that is imposed separately from the overall policy
16 deductible unless: (A) Such deductible is specifically identified and
17 conspicuously displayed on the declarations page of the policy; (B) the
18 policy reflects a premium credit associated with the reduced coverage
19 resulting from the imposition of a hurricane deductible; and (C) if the
20 hurricane deductible is a percentage of the covered value of the
21 property, the calculation of the dollar equivalent of the hurricane
22 deductible is conspicuously displayed on the declarations page of the
23 policy. Before an insurer issues for delivery a homeowners insurance
24 policy as set forth in this subdivision or renews a homeowners
25 insurance policy that previously did not include a separate hurricane
26 deductible, such insurer shall notify the prospective insured or the
27 insured, in writing, of the hurricane deductible and the amount or
28 dollar equivalent of such deductible.

29 (3) An insurer shall impose a hurricane deductible only for losses
30 due to a hurricane occurring within the state, as reported by the
31 National Oceanographic and Atmospheric Administration National
32 Weather Service, and such imposition shall (A) commence not earlier
33 than upon said National Weather Service's issuance of a hurricane
34 warning for any part of this state, and (B) end upon said National
35 Weather Service's termination of the last hurricane warning for any
36 part of this state or twenty-four hours after the National Weather
37 Service downgrades the hurricane in any part of this state, whichever
38 is earlier.

39 (4) The commissioner may adopt regulations, in accordance with the
40 provisions of chapter 54, to implement the provisions of this
41 subsection.

42 Sec. 2. Section 38a-313a of the 2012 supplement to the general
43 statutes is repealed and the following is substituted in lieu thereof
44 (Effective July 1, 2012):

45 (a) Prior to commencing any repair, [or] remediation or mitigation
46 pursuant to a loss occurring on or after [October 1, 2011] July 1, 2012,

47 and covered under a personal risk insurance policy, as defined in
48 section 38a-663, or a commercial risk policy, as defined in section 38a-
49 663, the person who will perform the repair, [or] remediation or
50 mitigation shall provide an insured with a written notice that indicates
51 the scope of the work to be completed and the estimated total price.
52 Such notice shall not be required for (1) any repair of an automobile
53 that is subject to this chapter, or (2) any repair that is subject to chapter
54 400.

55 (b) If the person performing the repair, [or] remediation or
56 mitigation fails to provide the written notice in accordance with
57 subsection (a) of this section to an insured, any contract between such
58 person and such insured for such repair, [or] remediation or mitigation
59 shall be void.

60 (c) As used in this section, "remediation" includes, but is not limited
61 to, cleaning services.

62 Sec. 3. Section 38a-306 of the general statutes is repealed and the
63 following is substituted in lieu thereof (*Effective July 1, 2012*):

64 (a) The form of policy of fire insurance set forth in section 38a-307,
65 as amended by this act, shall be known and designated as "The
66 Standard Fire Insurance Policy of the State of Connecticut". The
67 standard form of policy shall be plainly printed, and no portion thereof
68 shall be in type smaller than the type used in printing such form on file
69 in the office of the commissioner. The provisions of this section shall
70 not limit insurance companies to the use of any particular size of paper
71 or manner of folding the paper upon which their policies may be
72 issued, and each agent who makes, issues or delivers a policy of fire
73 insurance other than the standard form of fire insurance policy shall
74 forfeit for each offense not more than one thousand dollars, but such
75 policy shall be binding upon the issuing company to the same extent
76 and on the same conditions as if it had been in the standard form.

77 (b) (1) The provisions set forth in the standard form of fire insurance

78 policy shall apply to a homeowners insurance policy or a commercial
79 property insurance policy delivered, issued for delivery, renewed,
80 amended or endorsed in this state, except that the form of such
81 homeowners or commercial insurance policy shall be known and
82 designated as "The Standard Homeowners Insurance Policy of the
83 State of Connecticut" or "The Standard Commercial Property Insurance
84 Policy of the State of Connecticut", as applicable. Nothing in this
85 section or section 38a-307, as amended by this act, shall be construed to
86 prohibit an insurer from providing coverage or terms that are more
87 favorable to an insured.

88 (2) Wherever the term "fire insurance policy" or "fire insurance" is
89 used in the following general statutes, it shall be deemed to include a
90 homeowners insurance policy and a commercial property insurance
91 policy, and the perils insured against in such policies: Sections 38a-307,
92 as amended by this act, 38a-307a, 38a-308 to 38a-311, inclusive, as
93 amended by this act, 38a-322, 38a-726 and 38a-757.

94 Sec. 4. Section 38a-307 of the 2012 supplement to the general statutes
95 is repealed and the following is substituted in lieu thereof (*Effective July*
96 *1, 2012*):

97 Except as provided in section 38a-307a, the standard form of fire
98 insurance policy of the state of Connecticut, with permission to
99 substitute for the word "Company" a more accurate descriptive term of
100 the type of insurer, shall be as follows:

101 [Space for insertion of name of company or companies issuing the
102 policy and other matter permitted to be stated at the head of the
103 policy.]

104 [Space for listing amounts of insurance, rates and premiums for the
105 basic coverages insured under the standard form of policy and for
106 additional coverages or perils insured under endorsements attached.]

T1 In Consideration of the Provisions and Stipulations

T2 Herein or Added Hereto

T3 AND OF DOLLARS PREMIUM

T4

T5 this company, for the term } from the day of 20.. { at noon,
T6 } } Standard Time, at
T7 of } to the day of 20.. { location of
property involved

T8 to an amount not exceeding Dollars,

T9 does insure

and legal representatives, to the extent of the actual cash value of the property at the time of loss, but not exceeding the amount which it would cost to repair or replace the property with material of like kind and quality within a reasonable time after such loss, without allowance for any increased cost of repair or reconstruction by reason of any ordinance or law regulating construction or repair, and without compensation for loss resulting from interruption of business or manufacture, nor in any event for more than the interest of the insured, against all DIRECT LOSS BY FIRE, LIGHTNING AND BY REMOVAL FROM PREMISES ENDANGERED BY THE PERILS INSURED AGAINST IN THIS POLICY, EXCEPT AS HEREINAFTER PROVIDED, to the property described hereinafter while located or contained as described in this policy, or pro rata for five days at each proper place to which any of the property shall necessarily be removed for preservation from the perils insured against in this policy, but not elsewhere. The actual cash value at the time of loss for a building described herein shall be the amount which it would cost to repair or replace such building with material of like kind and quality, minus reasonable depreciation. As used herein, "depreciation" means a decrease in value of real property over a period of time due to wear and tear.

128 Assignment of this policy shall not be valid except with the written
129 consent of this Company.

130 This policy is made and accepted subject to the foregoing provisions

131 and stipulations and those hereinafter stated, which are hereby made a
132 part of this policy, together with such other provisions, stipulations
133 and agreements as may be added hereto, as provided in this policy.

134 In Witness Whereof, this Company has executed and attested these
135 presents.

136 (Secretary).

137 (President).

138 Concealment, fraud. This entire policy shall be void if, whether
139 before or after a loss, the insured has wilfully concealed or
140 misrepresented any material fact or circumstance concerning this
141 insurance or the subject thereof, or the interest of the insured therein,
142 or in case of any fraud or false swearing by the insured relating
143 thereto.

144 Uninsurable and excepted property. This policy shall not cover
145 accounts, bills, currency, deeds, evidences of debt, money or securities;
146 nor, unless specifically named hereon in writing, bullion or
147 manuscripts.

148 Perils not included. This Company shall not be liable for loss by fire
149 or other perils insured against in this policy caused, directly or
150 indirectly, by: (a) Enemy attack by armed forces, including action
151 taken by military, naval or air forces in resisting an actual or an
152 immediately impending enemy attack; (b) invasion; (c) insurrection;
153 (d) rebellion; (e) revolution; (f) civil war; (g) usurped power; (h) order
154 of any civil authority except acts of destruction at the time of and for
155 the purpose of preventing the spread of fire, provided that such fire
156 did not originate from any of the perils excluded by this policy; (i)
157 neglect of the insured to use all reasonable means to save and preserve
158 the property at and after a loss, or when the property is endangered by
159 fire in neighboring premises; (j) nor shall this Company be liable for
160 loss by theft.

161 Other Insurance. Other insurance may be prohibited or the amount
162 of insurance may be limited by endorsement attached hereto.

163 Conditions suspending or restricting insurance. Unless otherwise
164 provided in writing added hereto this Company shall not be liable for
165 loss occurring (a) while the hazard is increased by any means within
166 the control or knowledge of the insured; or (b) while a described
167 building, whether intended for occupancy by owner or tenant, is
168 vacant or unoccupied beyond a period of sixty consecutive days; or (c)
169 as a result of explosion or riot, unless fire [ensue] ensues, and in that
170 event for loss by fire only.

171 Other perils or subjects. Any other peril to be insured against or
172 subject of insurance to be covered in this policy shall be by
173 endorsement in writing hereon or added hereto.

174 Added provisions. The extent of the application of insurance under
175 this policy and of the contribution to be made by this Company in case
176 of loss, and any other provision or agreement not inconsistent with the
177 provisions of this policy, may be provided for in writing added hereto,
178 but no provision may be waived except such as by the terms of this
179 policy is subject to change.

180 Waiver provisions. No permission affecting this insurance shall
181 exist, or waiver of any provision be valid, unless granted herein or
182 expressed in writing added hereto. No provision, stipulation or
183 forfeiture shall be held to be waived by any requirement or proceeding
184 on the part of this Company relating to appraisal or to any
185 examination provided for herein.

186 Cancellation of policy. This policy shall be cancelled at any time at
187 the request of the insured, in which case this Company shall, upon
188 demand and surrender of this policy, refund the excess of paid
189 premium above the customary short rates for the expired time. This
190 policy may be cancelled at any time by this Company by giving to the
191 insured and any third party designated pursuant to section 38a-323a, a

192 thirty days' written notice of cancellation accompanied by the reason
193 therefor with or without tender of the excess of paid premium above
194 the pro rata premium for the expired time, which excess, if not
195 tendered, shall be refunded on demand. Notice of cancellation shall
196 state that said excess premium (if not tendered) will be refunded on
197 demand. Where cancellation is for nonpayment of premium at least ten
198 days' written notice of cancellation accompanied by the reason therefor
199 shall be given.

200 Mortgagee interests and obligations. If loss hereunder is made
201 payable, in whole or in part, to a designated mortgagee not named
202 herein as the insured, such interest in this policy may be cancelled by
203 giving to such mortgagee a ten days' written notice of cancellation.

204 If the insured fails to render proof of loss such mortgagee, upon
205 notice, shall render proof of loss in the form herein specified within
206 sixty (60) days thereafter and shall be subject to the provisions hereof
207 relating to appraisal and time of payment and of bringing suit. If this
208 Company shall claim that no liability existed as the mortgagor or
209 owner, it shall, to the extent of payment of loss to the mortgagee, be
210 subrogated to all the mortgagee's rights of recovery, but without
211 impairing mortgagee's right to sue; or it may pay off the mortgage debt
212 and require an assignment thereof and of the mortgage. Other
213 provisions relating to the interests and obligations of such mortgagee
214 may be added hereto by agreement in writing.

215 Pro rata liability. This Company shall not be liable for a greater
216 proportion of any loss than the amount hereby insured shall bear to
217 the whole insurance covering the property against the peril involved,
218 whether collectible or not.

219 Requirements in case loss occurs. The insured shall give immediate
220 written notice to this Company of any loss, protect the property from
221 further damage, forthwith separate the damaged and undamaged
222 personal property, put it in the best possible order, furnish a complete
223 inventory of the destroyed, damaged and undamaged property,

224 showing in detail quantities, costs, actual cash value and amount of
225 loss claims; AND WITHIN SIXTY DAYS AFTER THE LOSS, UNLESS
226 SUCH TIME IS EXTENDED IN WRITING BY THIS COMPANY, THE
227 INSURED SHALL RENDER TO THIS COMPANY A PROOF OF
228 LOSS, signed and sworn to by the insured, stating the knowledge and
229 belief of the insured as to the following: The time and origin of the loss,
230 the interest of the insured and of all others in the property, the actual
231 cash value of each item thereof and the amount of loss thereto, all
232 encumbrances thereon, all other contracts of insurance, whether valid
233 or not, covering any of said property, any changes in the title, use,
234 occupation, location, possession or exposures of said property since
235 the issuing of this policy, by whom and for what purpose any building
236 herein described and the several parts thereof were occupied at the
237 time of loss and whether or not it then stood on leased ground, and
238 shall furnish a copy of all the descriptions and schedules in all policies
239 and, if required, verified plans and specification of any building,
240 fixtures or machinery destroyed or damaged. The insured, as often as
241 may be reasonably required, shall exhibit to any person designated by
242 this Company all that remains of any property herein described, and
243 submit to examinations under oath by any person named by this
244 Company, and subscribe the same; and, as often as may be reasonably
245 required, shall produce for examination all books of account, bills,
246 invoices and other vouchers, or certified copies thereof if originals be
247 lost, at such reasonable time and place as may be designated by this
248 Company or its representative, and shall permit extracts and copies
249 thereof to be made.

250 Appraisal. In case the insured and this Company shall fail to agree
251 as to the actual cash value or the amount of loss, then, on the written
252 demand of either, each shall select a competent [and disinterested]
253 appraiser and notify the other of the appraiser selected within twenty
254 days of such demand. The appraisers shall first select a competent and
255 disinterested umpire; and failing for fifteen days to agree upon such
256 umpire, then, on request of the insured or this Company, such umpire
257 shall be selected by a judge of a court of record in this state in which

258 the property covered is located. The appraisers shall then appraise the
259 loss, stating separately actual cash value and loss to each item; and,
260 failing to agree, shall submit their differences, only, to the umpire. An
261 award in writing, so itemized, of any two when filed with this
262 Company shall determine the amount of actual cash value and loss.
263 Each appraiser shall be paid by the party selecting him and the
264 expenses of appraisal and umpire shall be paid by the parties equally.

265 Company's options. It shall be optional with this Company to take
266 all, or any part, of the property at the agreed or appraised value, and
267 also to repair, rebuild or replace the property destroyed or damaged
268 with other of like kind and quality within a reasonable time, on giving
269 notice of its intention so to do within thirty days after the receipt of the
270 proof of loss herein required.

271 Abandonment. There can be no abandonment to this Company of
272 any property.

273 When loss payable. The amount of loss for which this Company
274 may be liable shall be payable thirty days after proof of loss, as herein
275 provided, is received by this Company and ascertainment of the loss is
276 made either by agreement between the insured and this Company
277 expressed in writing or by the filing with this Company of an award as
278 herein provided. This Company and the insured may agree in writing
279 to a partial payment of the amount of loss as an advance payment.
280 Any advance payment shall be credited against the total amount of
281 loss due to the insured. An advance payment shall not affect the
282 requirement of this Company to pay the total amount of loss not later
283 than thirty days after proof of loss.

284 Suit. No suit or action on this policy for the recovery of any claim
285 shall be sustainable in any court of law or equity unless all the
286 requirements of this policy shall have been complied with, and unless
287 commenced within eighteen months next after inception of the loss.

288 Subrogation. This Company may require from the insured an

289 assignment of all right of recovery against any party for loss to the
290 extent that payment therefor is made by this Company.

291 Sec. 5. Section 38a-313 of the general statutes is repealed and the
292 following is substituted in lieu thereof (*Effective July 1, 2012*):

293 (a) Nothing contained in [section 38a-307] a fire insurance policy, a
294 homeowners insurance policy or a commercial property insurance
295 policy shall be construed to preclude insurance indemnifying the
296 insured against the amount actually expended, in excess of actual cash
297 value at the time any loss or damage occurs, to repair, rebuild or
298 replace the insured property.

299 (b) If a fire insurance policy, a homeowners insurance policy or a
300 commercial property insurance policy provides coverage for a covered
301 loss on a replacement cost basis, the insurer shall not deny full or
302 partial payment for a covered loss occurring on or after July 1, 2012, on
303 the basis that the repair, rebuilding or replacement has not been
304 completed by a date certain if the insured has made a claim with the
305 insurer for such loss not later than one hundred eighty days after the
306 date of loss.

307 Sec. 6. Section 38a-314 of the general statutes is repealed and the
308 following is substituted in lieu thereof (*Effective July 1, 2012*):

309 No condition in any policy of insurance against loss by [fire] an
310 insured peril shall be valid unless stated in the body of the policy.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2012</i>	38a-316a
Sec. 2	<i>July 1, 2012</i>	38a-313a
Sec. 3	<i>July 1, 2012</i>	38a-306
Sec. 4	<i>July 1, 2012</i>	38a-307
Sec. 5	<i>July 1, 2012</i>	38a-313
Sec. 6	<i>July 1, 2012</i>	38a-314

Statement of Purpose:

To make various changes to property and casualty insurance statutes.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]